TULLIS POTATO STORAGE INC.

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31
(UNAUDITED)

	1999	1998
	(Thousands of Dollars)	
ASSETS		
CURRENT ASSETS		
Cash	$ 73	$ 52
Accounts receivable	91	5
	164	57
CAPITAL ASSETS (note 4)	2,429	2,489
	$ 2,593	$ 2,546
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 64	$ 50
Current portion of mortgage payable (note 5)	77	2,509
	141	2,559
MORTGAGE PAYABLE (note 5)	2,455	-
	2,596	2,559
SHAREHOLDERS' EQUITY		
RETAINED EARNINGS	(3)	(13)
	$ 2,593	$ 2,546

Director

See accompanying notes

TULLIS POTATO STORAGE INC.

STATEMENT OF OPERATIONS AND RETAINED EARNINGS
YEAR ENDED DECEMBER 31
(UNAUDITED)

	1999	1998
	(Thousands of Dollars)	
REVENUE		
Rental Income	$ 232	$ 188
Interest	2	2
	234	190
EXPENSES		
Interest	146	156
Amortization of capital assets	64	64
Operations	14	(37)
	224	183
NET INCOME LOSS FROM OPERATIONS	10	7
RETAINED EARNINGS, BEGINNING OF YEAR	(13)	(20)
RETAINED EARNINGS, END OF YEAR	$ (3)	$ (13)

See accompanying notes

TULLIS POTATO STORAGE INC.

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31
(UNAUDITED)

	1999	1998
	(Thousands of Dollars)	
Operating activities		
Net income	$ 10	$ 7
Charges and credits not affecting cash:		
Amortization of capital assets	64	64
Net changes in non-cash working capital balances relating to operations:		
Accounts receivable	(86)	234
Accounts payable	14	(2,693)
Cash provided by (used in) operating activities	2	(2,388)
Investing activities		
Capital expenditures	(4)	(119)
Cash used in investing activities	(4)	(119)
Financing activities		
Proceeds from mortgages	90	2,558
Repayment of mortgages	(67)	(49)
Cash provided by financing activities	23	2,509
INCREASE IN CASH	21	2
CASH, BEGINNING OF YEAR	52	50
CASH, END OF YEAR	$ 73	$ 52

See accompanying notes

TULLIS POTATO STORAGE INC.

Notes to the Financial Statements
December 31, 1999
(UNAUDITED)

1. Status of the Corporation

Tullis Potato Storage Inc. was formed in April, 1997. The corporation's purpose is to facilitate construction of potato storage facilities in the Lake Diefenbaker area of Saskatchewan.

2. Ownership of the Corporation

At December 31, 1999, ownership of the corporation was solely by Saskatchewan Water Corporation.

3. Significant Accounting Policies

Capital Assets

Capital assets are recorded at cost. Amortization of capital assets is calculated at the following annual rates designed to amortize the recorded cost over the estimated useful lives of the capital assets:

Capital assets	Method	Rate
Potato storage building	straight-line	2.5%

4. Capital Assets

	1999			1998
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
		(Thousands of Dollars)		
Potato storage building	$2,557	$128	$2,429	$2,489

5. Mortgage Payable

	1999	1998
	(Thousands of Dollars)	
	$2,532	$2,509
Less: Current portion of mortgage payable	(77)	(2,509)
	$2,455	$ 0

The mortgage is due to the Canadian Imperial Bank of Commerce (CIBC). The security for the mortgage is the physical building as well as the head lease provisions between the corporation and Saskatchewan Water Corporation. Through the head lease provisions, Saskatchewan Water Corporation is obligated to provide lease payments to the corporation equal to payments required by the corporation under the mortgage from CIBC.

6. Related Party Transactions

Saskatchewan Water Corporation and Con-Force Investments Inc. (in 1998) are related parties to the corporation through their ownership interest. Below is a summary of transactions and amounts outstanding at year end:

	1999	1998
	(Thousands of Dollars)	
Saskatchewan Water Corporation:		
Accounts receivable	$ 1	$ 5
Accounts payable	14	0
Revenue	232	188
Expenses	-	0
Con-Force Investments Inc.:		
Expenses	-	(37)
Lucky Lake Potato Storage Inc.		
Accounts receivable	90	-